

1998 INSTRUCTIONS FOR FORM 1-ES — ESTIMATED TAX FOR INDIVIDUALS, ESTATES, AND TRUSTS

Who Must Pay Estimated Tax

Tax (including the Wisconsin alternative minimum tax and the temporary recycling surcharge) is required to be paid on income as it is earned or constructively received. Withholding tax and estimated tax are the two methods used to make those required tax payments. Generally, if you work for wages, you have tax withheld from your wages to prepay any tax which will be computed on your income tax return for the year. If you have income from which tax is not withheld (e.g., interest, dividends, unemployment compensation, etc.), you must pay estimated tax to prepay any tax which will be computed on your income tax return for the year.

You must pay Wisconsin estimated tax for 1998 if you expect to owe, after subtracting your withholding and credits, at least \$200 in tax for 1998; and you expect your withholding to be less than the smallest of:

- 90% of the tax (including alternative minimum tax and the temporary recycling surcharge) shown on your 1998 income tax return.
- 100% of the tax (including alternative minimum tax and the temporary recycling surcharge) shown on your 1997 income tax return assuming the return covered 12 months. This does not apply to trusts or estates that have 1998 taxable income of \$20,000 or more. If your 1997 return was adjusted by the department or you filed an amended return, use the tax from the latest amended or adjusted return.
- 90% of the tax shown on your 1998 income tax return, computed by annualizing your taxable income and alternative minimum taxable income. (You may use Wisconsin Schedule U, Part IV, as a worksheet to annualize income.)

Full-year residents, part-year residents, nonresidents, trusts, and estates are subject to the estimated tax requirement. (**Note:** Trusts subject to tax on unrelated business income should file on Form 4-ES.)

You do not have to pay estimated tax if you were a full-year resident of Wisconsin for 1997 and you had no tax liability for that 12-month period. Estates and grantor trusts which are funded on account of a decedent's death are only required to make estimated tax payments for any tax year ending two or more years after the decedent's death.

You and your spouse may pay estimated tax either jointly or separately. If joint payments are made, you and your spouse may still file separate income tax returns for 1998. The estimated tax payments may be divided between you and your spouse in any manner you choose. If separate payments are made, you and your spouse may file a joint income tax return for 1998 and apply the separate estimated tax payments to the joint tax liability. However, no part of the separate estimated tax payments may be applied to a separate tax liability of the other spouse.

When to Pay Your Estimated Tax

Generally, you must make your first estimated tax payment by April 15, 1998. You may pay all your estimated tax at that time or in four equal installments on or before April 15, 1998, June 15, 1998, September 15, 1998, and January 19, 1999. Exceptions to this general rule are as follows:

1. **Other payment dates.** In some cases such as an increase in income, you may have to make your first estimated tax payment after April 15, 1998. The payment dates are then as follows:

If the requirement to pay estimated tax is met after:	Payment date is:	Of the estimated tax due, pay:
March 31 and before June 1	June 15, 1998	1/2
May 31 and before Sept. 1	Sept. 15, 1998	3/4
August 31	Jan. 19, 1999	all

Any remaining payments should be 1/4 of your required annual payment.

2. **Your return as a payment.** If you file your 1998 income tax return by February 1, 1999, and pay the entire balance due, you do not have to make your last payment of estimated tax due on January 19, 1999.
3. **Farmers and fishers.** If at least two-thirds of your gross income (joint gross income, if applicable) for 1997 or 1998 is from farming or fishing, you may:
 - pay your 1998 estimated tax in full by January 19, 1999; **or**
 - file your 1998 income tax return on or before March 1, 1999, and pay the total tax due. In this case, you need not make estimated tax payments for 1998.
4. **Fiscal year.** If your return is filed on a fiscal year basis, your due dates are the 15th day of the 4th, 6th, and 9th months of your current fiscal year, and the 1st month of the following fiscal year. (**Note:** If any due date falls on a Saturday, Sunday, or legal holiday, use the next business day.)

How to Use Form 1-ES

1. Make any corrections necessary to your name, address, and social security number by lining out the incorrect information on the estimated tax vouchers and printing in the correct information.
2. Complete the "1998 Estimated Tax Worksheet" on the reverse side of these instructions. Use your 1997 tax return as a guide.
3. Fill in the amount from line 14 of the worksheet on the "Amount of Payment" line on Form 1-ES.
4. Enclose, but do not staple or attach, your check or money order with the estimated tax voucher. Make your remittance payable to the Wisconsin Department of Revenue and mail with Form 1-ES to:

Wisconsin Department of Revenue
P.O. Box 2942
Milwaukee, WI 53201-2942

If you need help, contact our Estimated Tax Unit at (608) 266-9940 or any Department of Revenue office.

How to Amend Your Estimated Tax Payments

If you have a substantial increase or decrease in your estimated tax liability, your estimated tax payments should be amended.

1. Recompute your estimated tax liability on the "1998 Estimated Tax Worksheet" on the reverse side of these instructions. Include any estimated tax payments already made for 1998 on line 10 of the worksheet.
2. Determine the amount of each remaining installment due as follows:
 - If all 4 installments are being amended, fill in 1/4 of line 11 of the worksheet on each payment voucher.
 - If 3 installments are being amended, fill in 1/2 of line 11 on the first amended voucher and 1/4 of line 11 on each of the last two vouchers.
 - If 2 installments are being amended, fill in 3/4 of line 11 on the first amended voucher and 1/4 of line 11 on the last installment voucher.
 - If only the last installment is being amended, fill in all of line 11 on the voucher filed.

Interest Charge for Failure to Pay Estimated Tax

If you are required to pay estimated tax and you do not, or you underpay any installment, you are subject to interest on the underpayment amount when you file your 1998 return. Wisconsin Schedule U is used to compute the interest due.

1998 ESTIMATED TAX WORKSHEET — Keep for your records - Do not file

1. Fill in the amount of Wisconsin income you expect in 1998. Use your 1997 tax return as a guide 1. _____ .
 2. Wisconsin standard deduction (see standard deduction schedules below)* 2. _____ .
 3. Estimated taxable income (subtract line 2 from line 1) 3. _____ .
 4. Estimated tax (see tax rate schedules below) 4. _____ .
 5. Estimated credits (see instructions provided with your 1997 tax return for descriptions of credits) 5. _____ .
 6. Subtract line 5 from line 4 6. _____ .
 7. Estimated Wisconsin alternative minimum tax and temporary recycling surcharge 7. _____ .
 8. Add lines 6 and 7 8. _____ .
 9. Required annual payment. Fill in amount of line 8 that you are required to pay 9. _____ .
- Caution:** Generally, if you do not prepay at least 90% of your 1998 tax liability or 100% of your 1997 tax, whichever is smaller, you may be subject to interest on the underpayment amount. To avoid this, be sure your estimate is as accurate as possible. If you are unsure of your estimate, you may want to pay more than 90% of the amount you have shown on line 8.
10. Wisconsin income tax withheld and estimated to be withheld during 1998 10. _____ .
 11. Balance (subtract line 10 from line 9). (**Note:** If line 8 less line 10 is less than \$200, you are not required to make estimated tax payments.) 11. _____ .

		Installments			
		April 15	June 15	Sept. 15	Jan. 19
12.	If four installments are due, enter in each column 1/4 of the amount on line 11. If less than four installments are due, use the instructions for other payment dates under "When to Pay Your Estimated Tax"				
13.	Apply overpayment carried forward from your 1997 tax return (apply first to April and carry remainder to June, etc.)				
14.	Installment amount (subtract line 13 from line 12). Fill in here and on the "Amount of Payment" line on Form 1-ES.....				

Note *Estates and trusts do not receive a standard deduction. Fill in -0- on line 2.
Nonresidents and part-year residents must prorate the standard deduction as follows: (1) Figure your standard deduction using your federal adjusted gross income instead of your Wisconsin income from line 1 of the Estimated Tax Worksheet, and (2) prorate by using the ratio of your Wisconsin income to your federal adjusted gross income.

1998 STANDARD DEDUCTION SCHEDULES

Schedule For Single Taxpayers			
IF LINE 1 IS:	but not over—	THE 1998 STANDARD DEDUCTION IS:	of the amount over—
\$ 0	\$ 7,499	\$5,200	
7,499	50,830	5,200 less 12%	\$7,500
50,830 or over		0	

Schedule For Head of Household			
IF LINE 1 IS:	but not over—	THE 1998 STANDARD DEDUCTION IS:	of the amount over—
\$ 0	\$ 7,499	\$7,040	
7,499	25,000	7,040 less 22.515%	\$7,500
25,000	50,830	5,200 less 12%	7,500
50,830 or over		0	

Schedule For Married Taxpayers Filing Jointly			
IF LINE 1 IS:	but not over—	THE 1998 STANDARD DEDUCTION IS:	of the amount over—
\$ 0	\$ 9,999	\$8,900	
9,999	55,000	8,900 less 19.778%	\$10,000
55,000 or over		0	

Schedule For Married Taxpayers Filing Separately			
IF LINE 1 IS:	but not over—	THE 1998 STANDARD DEDUCTION IS:	of the amount over—
\$ 0	\$ 4,749	\$4,230	
4,749	26,140	4,230 less 19.778%	\$4,750
26,140 or over		0	

1998 TAX RATE SCHEDULES FOR FULL-YEAR RESIDENTS*

Schedule A - For Single Taxpayers, Head of Household, Estates, and Trusts			
IF LINE 3 IS:	but not over—	THE 1998 GROSS TAX IS:	of the amount over—
\$ 0	\$ 7,500 4.85%	\$ 0
7,500	15,000	\$363.75 + 6.48%	7,500
15,000 or over		849.75 + 6.87%	15,000

Schedule B - For Married Taxpayers Filing Jointly			
IF LINE 3 IS:	but not over—	THE 1998 GROSS TAX IS:	of the amount over—
\$ 0	\$10,000 4.85%	\$ 0
10,000	20,000	\$ 485.00 + 6.48%	10,000
20,000 or over		1,133.00 + 6.87%	20,000

Schedule C - For Married Taxpayers Filing Separately			
IF LINE 3 IS:	but not over—	THE 1998 GROSS TAX IS:	of the amount over—
\$ 0	\$ 5,000 4.85%	\$ 0
5,000	10,000	\$242.50 + 6.48%	5,000
10,000 or over		566.50 + 6.87%	10,000

Note *Nonresidents and part-year residents must prorate the tax brackets (amounts appearing in the first two columns of the 1998 Tax Rate Schedules) based on the ratio of their Wisconsin income to their federal adjusted gross income. For example, for a single individual, the tax brackets are in \$7,500 increments (see Schedule A). Assume a single individual has a ratio of Wisconsin income to federal adjusted gross income of 20%. This results in tax brackets of \$1,500 (\$7,500 x 20%). Therefore, the first \$1,500 of taxable income is taxed at 4.85%, the next \$1,500 is taxed at 6.48%, and taxable income over \$3,000 is taxed at 6.87%.